



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

MARIA M. OMS
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

February 26, 2010

TO: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **GANN LETTER**

Per Article XIIIB of the State Constitution, the annual calculation of the appropriations (spending) limit under this Article is to be reviewed as part of the annual financial audit. The County's Appropriations Limit review was performed by our external auditors, Macias Gini & O'Connell LLP. Attached is a copy of their report, commonly referred to as the "GANN Letter," for the year ended June 30, 2009. No exceptions were noted.

If you have any questions, please contact me, or your staff may contact Sandy Yoshima at (213) 974-8326.

WLW:MMO:JN:CY:sy

Administration\Correspondence\GANN Transmittal FY 2009

Attachment

c: William T Fujioka, Chief Executive Officer
Sachi A. Hamai, Executive Officer, Board of Supervisors
Judy Hammond, Public Information Office

COUNTY OF LOS ANGELES

Independent Accountant's Report on Applying
Agreed-Upon Procedures for
Appropriations Limit Calculation

For the Year Ended June 30, 2009



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

LOS ANGELES
515 S. Figueroa Street, Suite 325
Los Angeles, CA 90071
213.286.6400

SACRAMENTO

OAKLAND

WALNUT CREEK

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Board of Supervisors of the
County of Los Angeles, California

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the County of Los Angeles, California, (County) for the year ended June 30, 2009. These procedures, which were agreed to by the County and the County Accounting Standards and Procedures Committee (as presented in the publication entitled *Article XIII-B California Constitution Appropriation Limit Procedure Guidelines for California Counties*), were performed solely to assist the County in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The County's management is responsible for the Appropriations Limit Worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the County's appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the County Board of Supervisors. We also compared the population and inflation factors included in the aforementioned worksheets to those that were selected by a recorded vote of the County Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet, we added last year's limit to the annual adjustment, and agreed the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet to the worksheets described in Number 1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the County Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

5. We compared the amount for the City of Azusa annexation adjustment to the resolution approved by the Board of Supervisors.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the members of the Board of Supervisors and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Macias Fini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
January 27, 2010

**COUNTY OF LOS ANGELES
Appropriations Limit Worksheet
For the Year Ended June 30, 2009**

Countywide

Appropriations limit, fiscal year 2007/08	\$12,823,556,139
Net annexation adjustments	<u>(4,455)</u>
Subtotal	12,823,551,684
Adjustment factors:	
Nonresidential AV%	1.0577
Population factor	<u>x 1.0061</u>
Total adjustment factor	1.06415197
Annual adjustment in dollars	<u>822,656,103</u>
Appropriations limit, fiscal year 2008/09	<u><u>\$13,646,207,787</u></u>

Special Districts

Appropriations limit, fiscal year 2007/08	\$1,339,803,800
Adjustment factors:	
Nonresidential AV%	1.0577
Population factor	<u>x 1.0031</u>
Total adjustment factor	1.06097887
Annual adjustment in dollars	<u>81,699,722</u>
Appropriations limit, fiscal year 2008/09	<u><u>\$1,421,503,522</u></u>

Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts

Appropriations limit, fiscal year 2007/08	\$1,693,431
Adjustment factors:	
Nonresidential AV%	1.0577
Population factor	<u>x 1.0061</u>
Total adjustment factor	1.06415197
Annual adjustment in dollars	<u>108,637</u>
Appropriations limit, fiscal year 2008/09	<u><u>\$1,802,068</u></u>

COUNTY OF LOS ANGELES
Notes to Appropriations Limit Worksheet
For the Year Ended June 30, 2009

(1) 2007-08 Appropriations Limit Adjustments

The Countywide adjustment of \$4,455 was made to the previously reported 2007-08 Appropriations Limit. This property tax revenue transfer to the City of Azusa represents the valuation of certain parcels within the proposed annexation area that are not subject to tax-exempt status under the Revenue and Taxation Code.

Adjustments were made to correct rounding variances that occurred in the fiscal year 2007-08 Appropriations Limit Worksheet. The impact of the immaterial adjustments reduced the fiscal 2007-08 limits by a total of \$4.

(2) Adjustment Factors

The County, as allowed by law, has chosen to use various population factors to compute its adjustment factors for the year ended June 30, 2009. The Countywide population factor uses the change in population within its jurisdiction, combined with the change in population within all counties having borders that are contiguous to the County of Los Angeles. The population factor for each of the special districts is based solely on the change in population within the County of Los Angeles. The County of Los Angeles and each special district governed by the Board of Supervisors of the County of Los Angeles chooses to use the percentage change in the assessed value of nonresidential new construction, provided by the Office of Assessor. Such factors are as follows:

Countywide:

Nonresidential AV%		1.0577
Population Factor	x	1.0061
Adjustment Factor		<u><u>1.06415197</u></u>

Special Districts:

Nonresidential AV%		1.0577
Population Factor	x	1.0031
Adjustment Factor		<u><u>1.06097887</u></u>

Calabasas and Malibu Lighting Districts and
Malibu Garbage Disposal Districts:

Nonresidential AV%		1.0577
Population Factor	x	1.0061
Adjustment Factor		<u><u>1.06415197</u></u>

COUNTY OF LOS ANGELES
Notes to Appropriations Limit Worksheet (Continued)
For the Year Ended June 30, 2009

(3) Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts

Calabasas and Malibu Lighting Districts and Malibu Garbage Disposal Districts are County subunits, not independent legal entities. Although their revenue is separately tracked, Malibu and Calabasas would only exceed their Appropriation Limit if Los Angeles County exceeded its Appropriation Limit.